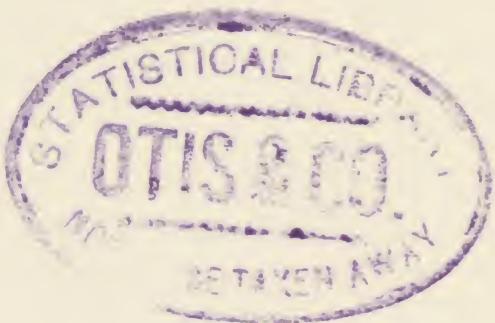


FIFTH  
ANNUAL REPORT  
OF  
JEWEL TEA CO., INC.



1920



# JEWEL TEA CO., INC.

GENERAL OFFICES:

5 NORTH WABASH AVENUE

CHICAGO, ILLINOIS

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## DIRECTORS

H. S. BOWERS	HERBERT H. LEHMAN
RAYMOND E. DURHAM	CHARLES W. LITSEY
JOHN M. HANCOCK	F. P. ROSS
ARTHUR LEHMAN	ARTHUR SACHS
O. B. WESTPHAL	

## OFFICERS

RAYMOND E. DURHAM, President	
JOHN M. HANCOCK, Vice President and Treasurer	
O. B. WESTPHAL, Vice President	
HAROLD F. LINDLEY, Secretary	
A. V. JANOTTA, Assistant Secretary	
F. M. KASCH, Assistant Treasurer	

## TRANSFER AGENT:

COLUMBIA TRUST COMPANY, 60 Broadway, New York City

## REGISTRAR:

LAWYERS TITLE & TRUST CO., 160 Broadway, New York City

## AUDITORS:

TOUCHE, NIVEN & CO., Public Accountants  
New York and Chicago

*Chicago, March 16, 1921.*

*To the Stockholders of the*  
**JEWEL TEA CO., INC.:**

The annual report, including the financial result of the operations of your Company for the fiscal year ended December 31, 1920, and the balance sheet of that date is herewith presented.

The net loss including special charge offs for the year amounted to \$2,183,506.30. The charges include the adjustment in inventory to a market or cost basis, whichever is the lower, and the loss resulting and anticipated from the liquidation of losing branches which constituted about one-third of the Company's total business. In addition thereto Branch development expenses carried forward from previous years, amounting to \$112,586.98, were written off during the year.

The conditions surrounding the tea and coffee business during the year 1920 were probably more unfavorable than at any other time in the history of your Company. The cost of doing business was at its extreme peak. During the first nine months of the year suitable labor was extremely difficult to procure, even though your Company was then paying the highest wages in its history. The market prices on practically all commodities dealt in dropped radically during the latter part of the year.

Approximately one-third of the branches operated by your Company have been established since the beginning of the World War and they have continuously operated at a loss. When the results of operations for the first six months of the year became available it became apparent that our financial condition was such that the large sum of money required for development and promotion work necessary to place these branches on a paying basis could not be provided. On the recommendations of the Officers of your Company, your Board of Directors adopted the only alternative plan of placing the business on a satisfactory basis by entering into a retrenchment program. This necessitated the discontinuance and liquidation of the more unprofitable branches, the discontinuance of the factories at New Orleans and San Francisco, and the maximum reduction in the personnel and expense of the entire business.

A very considerable reduction in expense has been effected. The coffee market conditions have become more favorable. During the past few months our labor conditions have greatly improved, and although general business conditions have been unfavorable, resulting in a large number of our customers being out of employment, the business of your Company is showing improvement.

The retrenchment program has already been consummated and the wisdom of our action has been demonstrated, as losses during the last months of the year have been gradually reduced. Since the first of this year, the operations of the business have shown a moderate profit.

By means of temporary loans up to \$450,000.00 secured through its bankers, your Company was able to pay off One Million Dollars in Gold Notes which matured in 1920. These temporary loans were paid in full prior to February 1, 1921. The Company has been able to maintain a constant record of discounting and paying all accounts on time. At present there is no outstanding indebtedness other than the remaining Gold Notes and our current accounts.

The turn over in the business was formerly only twice a year. The inventory has gradually been reduced and purchasing and distribution methods improved until your Company is now in position to turn its stock at the rate of four or five times a year.

During the past year substantial amounts have been realized on the claim against the government to cover loss due to the commandeering of the Hoboken plant and there is reason to expect still further payments in this connection during the coming year. In the meantime the temporary plant at Newark has been sold and operations in the Hoboken plant have been restored.

Your Directors and Officers take pleasure in acknowledging the efficient and loyal service of the employees during the past year and their sustain response to the exacting requirements of the trying conditions through which the business has passed.

For the Board of Directors of the Jewel Tea Co., Inc.,

RAYMOND E. DURHAM, President.

JEWEL TE  
BALANCE SHEET—

**ASSETS**

**CURRENT ASSETS:**

Inventories—

Products Merchandise.....	\$ 2,447,330.14
Premium Merchandise.....	657,101.11
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	\$ 3,104,431.25

(Inventories, reduced by \$690,098.98, on basis of Market or Cost  
whichever is lower).

Liquidation value of Accounts Receivable, Inventories and Chattels at  
Branches—

Realized in Cash after December 31st, 1920.....	\$101,977.71
Transferred to other Branches at Cost.....	30,388.59
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Accounts and Notes Receivable (less Reserve).....	132,366.30
Trust Fund Investments (Surety Deposits, per contra).....	588,375.29
Cash at Banks, on Hand and in Transit.....	47,015.18
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Total Current Assets.....	498,369.51

\$ 4,370,557.53

**DEFERRED CHARGES:**

Premium Merchandise (at Cost) advanced to customers (less Reserve) ..	\$ 371,601.79
Discount on 6% Gold Notes, proportion unamortized.....	55,575.94
Claim for Federal Taxes Recoverable.....	104,653.45
Inventories of Expense Supplies.....	44,168.77
Unexpired Insurance and Prepaid Interest.....	24,764.44
Leasehold Purchases and Improvement Expenses.....	37,173.18
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Total Deferred Charges..... 637,937.57

**CAPITAL ASSETS (less Depreciation Reserves):**

Machinery, Furniture and Fixtures at Plants.....	\$ 201,530.33
Horses, Wagons and Miscellaneous Chattels at Chicago and Branches...	669,875.91
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Goodwill .....	\$ 871,406.24

12,000,000.00

Total Capital Assets..... 12,871,406.24

DEFICIT, December 31st, 1920.....	1,507,288.50
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	\$19,387,189.84

We have audited the books and accounts of the Jewel Tea Co., Inc., for the year ended  
Account are in accordance therewith and exhibit, in our opinion, the correct statement of  
ended, after writing off the sum of \$326,970.53 to cover the resulting and anticipated loss  
Branch Development Expenses amounting to \$112,586.98 carried forward from previous

CHICAGO, March 16th, 1921.

**A CO., INC.**  
**DECEMBER 31, 1920**

**LIABILITIES**

**CURRENT LIABILITIES:**

Letters of Credit and Acceptances.....	\$ 511,448.26
Notes Payable ( <i>Paid during January 1921</i> ).....	450,000.00
Accounts Payable.....	179,899.39
Accrued Wages and Taxes.....	3,888.19
Accrued Interest on Gold Notes, Including Coupons not presented....	25,150.00
Surety Deposits (Specific Fund, per contra).....	47,015.18
Reserve for Redemption of Profit Sharing Coupons.....	29,788.82
 Total Current Liabilities.....	 <b>\$ 1,247,189.84</b>

**SERIAL SIX PER CENT GOLD NOTES..... \$ 3,500,000.00**

*Less:* Redeemed and Cancelled—

May 1st, 1920.....	\$ 500,000.00
Nov. 1st, 1920.....	500,000.00
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Maturing—	
May 1st, 1921.....	\$ 750,000.00
Nov. 1st, 1921.....	750,000.00
May 1st, 1922.....	1,000,000.00
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	<b>\$ 2,500,000.00</b>

**CAPITAL STOCK:**

Authorized and Issued:

7% Cumulative Preferred Stock, 40,000 Shares of \$100.00 each.....	\$ 4,000,000.00
Whereof: Retired and Cancelled.....	360,000.00
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Balance Outstanding.....	\$ 3,640,000.00
Common Stock—120,000 Shares of \$100.00 each.....	12,000,000.00
 Total Capital Stock.....	 <b>15,640,000.00</b>

Note:—Preferred Stock Dividend in arrears since October 1st, 1919—

cumulative amount at December 31st, 1920.....	\$ 318,500.00
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	<b>\$19,387,189.84</b>

December 31st, 1920, and hereby certify that the accompanying Balance Sheet and Deficit  
f the financial position of the Company at that date and of its operations for the year then  
ses from the closing out and liquidation of unprofitable branches and also after writing off  
years.

TOUCHE, NIVEN & CO.,  
*Public Accountants.*

# JEWEL TEA CO., INC.

## DEFICIT ACCOUNT

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### CURRENT SURPLUS:

Balance, December 27th, 1919.....	\$ 51,666.28
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#### Deduct—

Net Operating Loss for year ended December 31, 1920.....	\$1,709,935.31
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Reduction of Inventories from Cost to Market Value.....	690,098.98
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Loss on liquidation of Branch Agencies to cover resulting and anticipated losses from the closing out and liquidation of unprofitable branches.....	326,970.53
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Total .....	\$2,727,004.82
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Less—Miscellaneous Income, including profit from sale of Land and Buildings and reimbursement for use and occupancy of Hoboken Plant.....	543,498.52
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Total Losses for Year.....	2,183,506.30
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	\$2,131,840.02
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Add—Balance of Deferred Development Expense written off, carried forward from previous years.....	112,586.98
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Deficit at December 31, 1920.....	\$2,244,427.00
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### CAPITAL SURPLUS:

Balance December 28, 1919.....	737,138.50
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Net Deficit at December 31, 1920.....	\$1,507,288.50
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